

**DIGITAL  
SKILLS  
FESTIVAL**

MANCHESTER DIGITAL  
SKILLS AUDIT REPORT  
2017 @MCRDIG



# (“Manchester”)+ (“Digital”)>

Manchester Digital is the largest network for digital and technology businesses in the North. In 2016 we released our strategy which outlined 5 areas that our members felt needed tackling; promotion and profile of the industry, development of the ecosystem, digital infrastructure, leadership and talent and skills. Of those five areas our members feel that access to talent and skills and the knock on problems caused by the skills shortage is having the most impact on their businesses.

For the last 5 years we have been working hard to support our businesses to attract and retain the talent they need as well as lobbying local and national government to recognise the needs of our sector and to support initiatives that will deliver the volume and quality of digital and technology talent that our businesses need to thrive.

Each year, we survey our membership and present the results as part of our annual Digital Skills Festival. This report contains the full findings from the survey and where relevant, shows what has changed in the last 12 months.

New questions that were included in this year's audit were views on the apprenticeship levy and percentage of staff relocating from elsewhere in UK/EU to the region.

Some of the key themes and insights from this year's audit include:

- Continuation of above average wage inflation
- A worsening gender gap, particularly in relation to technical roles
- More companies developing their own graduate schemes and recruiting apprentices
- Less businesses turning away work due to lack of talent
- A mostly positive response to the Apprenticeship Levy

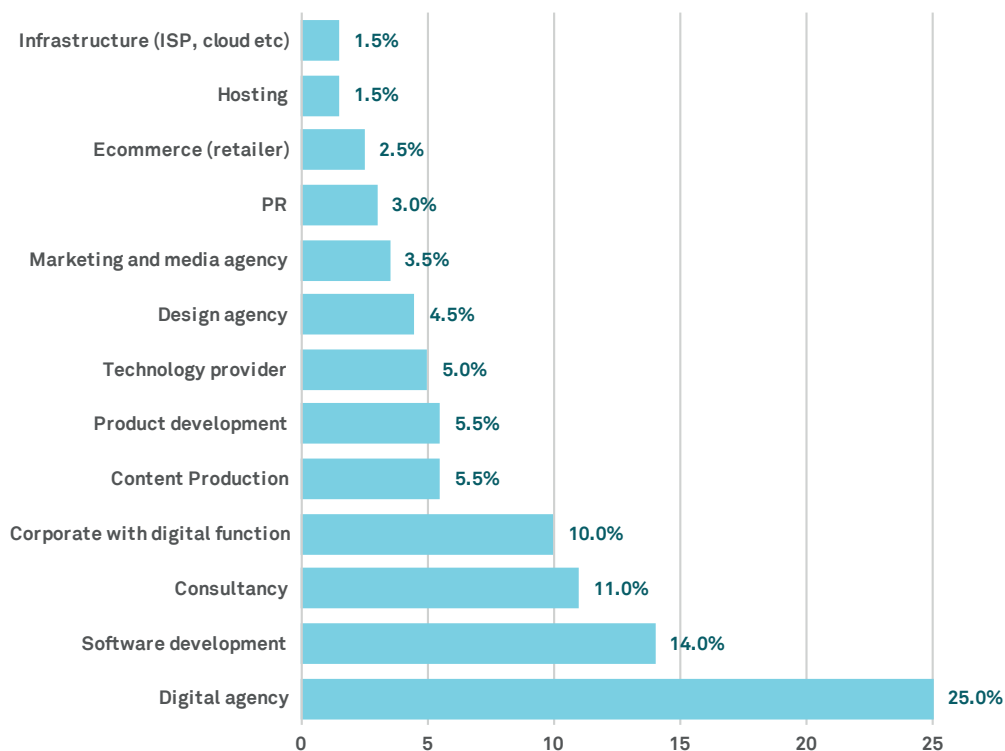


## Analysis of Skills Audit report findings

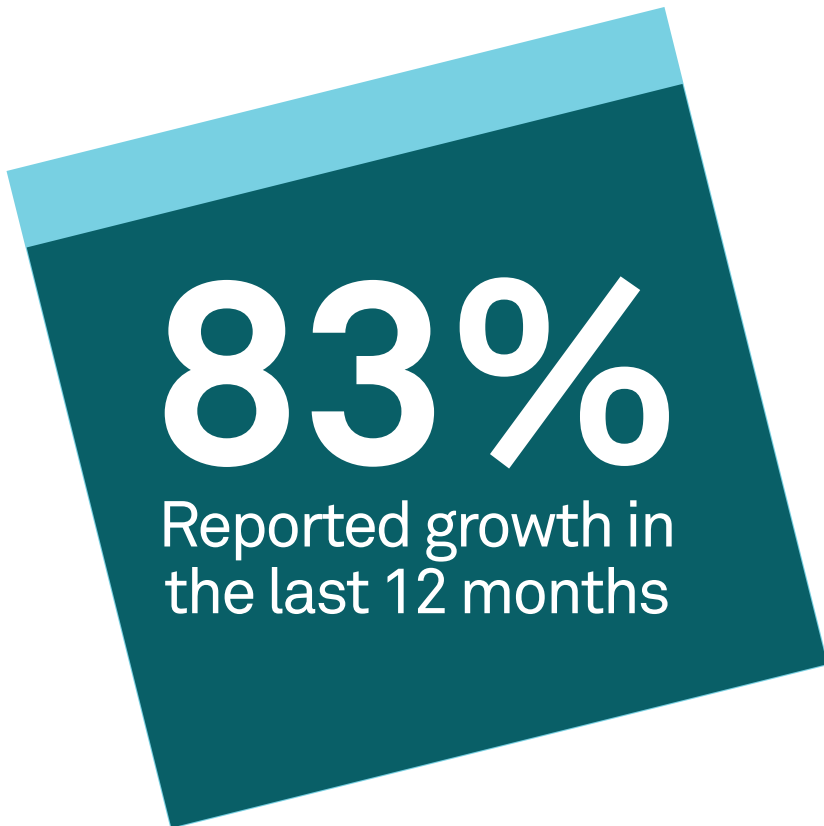
## What type of business are you?

The below chart shows the types of businesses that make up Manchester Digital membership. There haven't been any significant changes from 2016, but consultancy/freelance has decreased slightly and been overtaken by Software Development companies.

Large corporate organisations who are in need of our support services are also on the increase.



■ *Has your business grown in the last 12 months?*

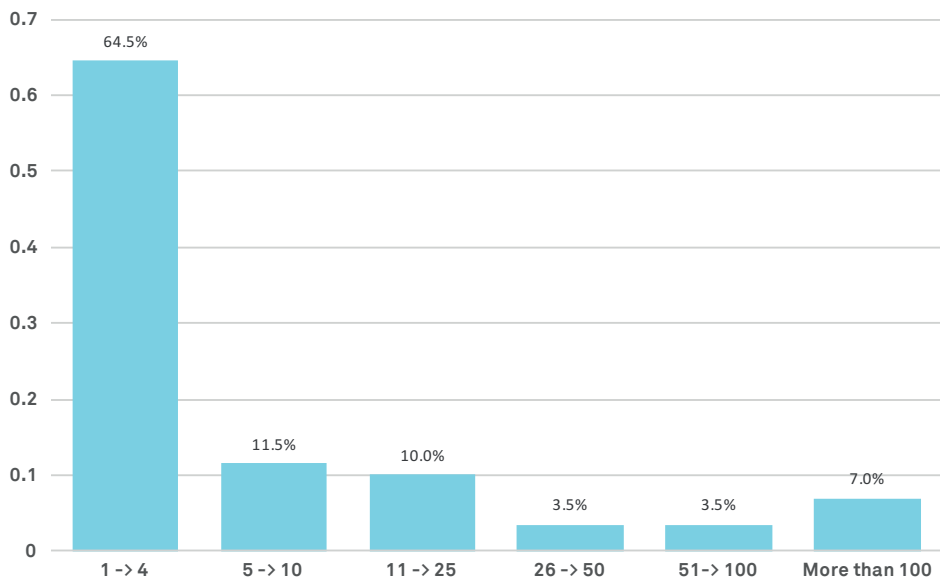


This figure has remained fairly static since 2014

## ■ *How many additional roles have you recruited purely due to business growth?*

Companies have recruited less people in 2016 than in 2015, though we know from various sources that there are a vast number of open vacancies for digital and tech jobs across the Manchester city region.

It would appear that supply is currently unable to match demand for permanent roles and vacancies remain unfilled.



## ■ *The most significant business functions*

As you would expect, the vast majority of companies who responded to the survey have a broad mix of skills within their businesses.

However, development and client services are considered to be the most important functions within our businesses, followed by marketing and creative.



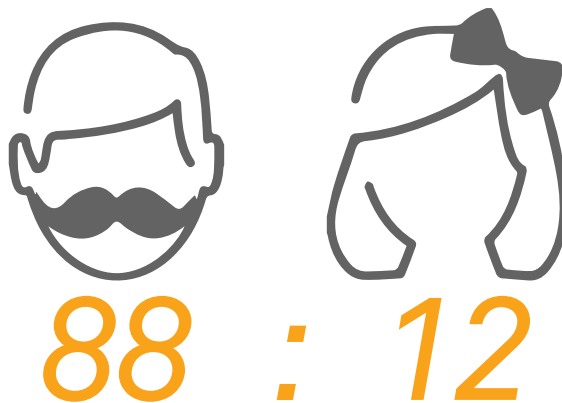
## ■ *Technical roles split by gender*

In 2016, whilst we reported that men still dominated the digital and technology workplaces, there was a healthier than expected split of 60:40. However, this year, respondents are now reporting a 72:28 split, male to female



Gender diversity in technical roles has also declined with businesses reporting an 88:12 male to female split, against a 2016 figure of 70:30.

Half of all respondents said that their tech teams were 100% male.



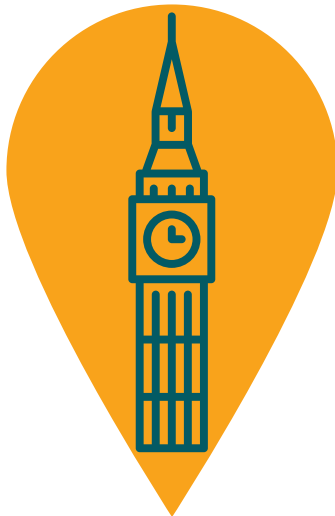


(“Talent”) &  
(“Skills”)>

## ■ *How many of your workforce have relocated from outside of the North West?*

The majority of talent in our businesses is sourced locally, however after local sourcing, London is the most popular location for our businesses to source staff.

There is also a reliance on European talent to bolster the regional talent pool.



**25%**



**10%**

## ■ *How do you source new talent?*

Internal recommendation and peer recommendation continue to be the most popular methods of finding new talent, closely following by headhunting and LinkedIn advertising, a trend which has continued from last year.

The least effective methods continue to be advertising nationally and regionally, using recruitment agencies and CV database searching. Networking and social media also featured in the least effective methods for the first time.



***Internal recommendation***  
***Peer recommendation***

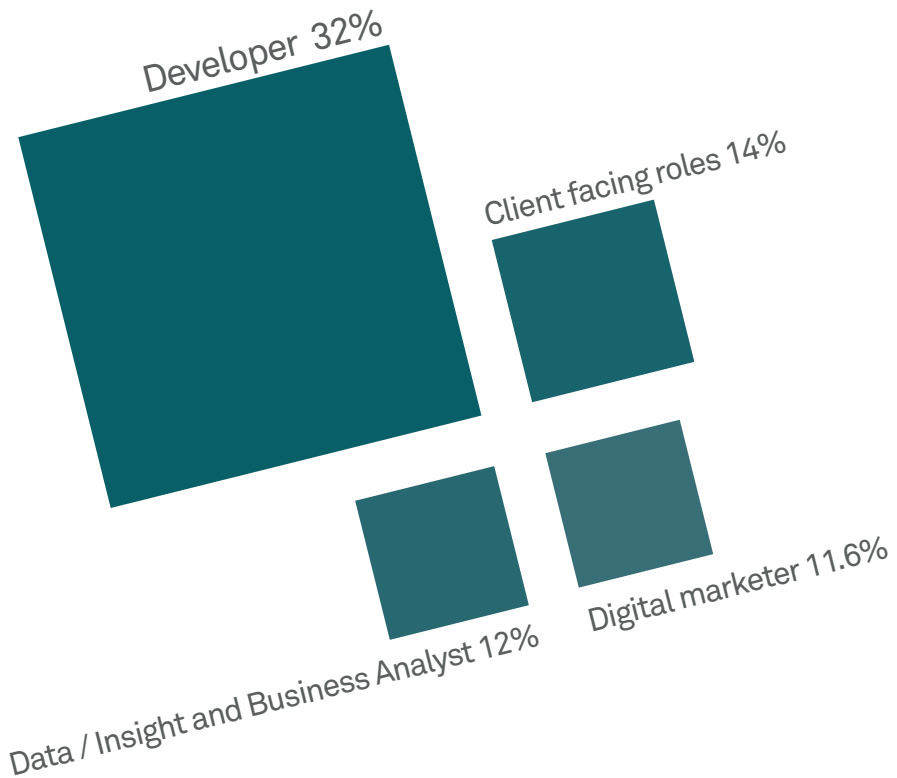
***Headhunting***  
***LinkedIn advertising***

***Advertising nationally***  
***Advertising regionally***  
***CV database searching***  
***Networking***  
***Social media***  
***Recruitment agencies***

## ■ *The four most difficult roles to fill*

Developer is still far and away the hardest role to fill but the picture is becoming nuanced, with high demand for specialist data and insight type roles.

Good technical sales staff are increasingly hard to find and experienced “technical” digital marketers are also scarce.



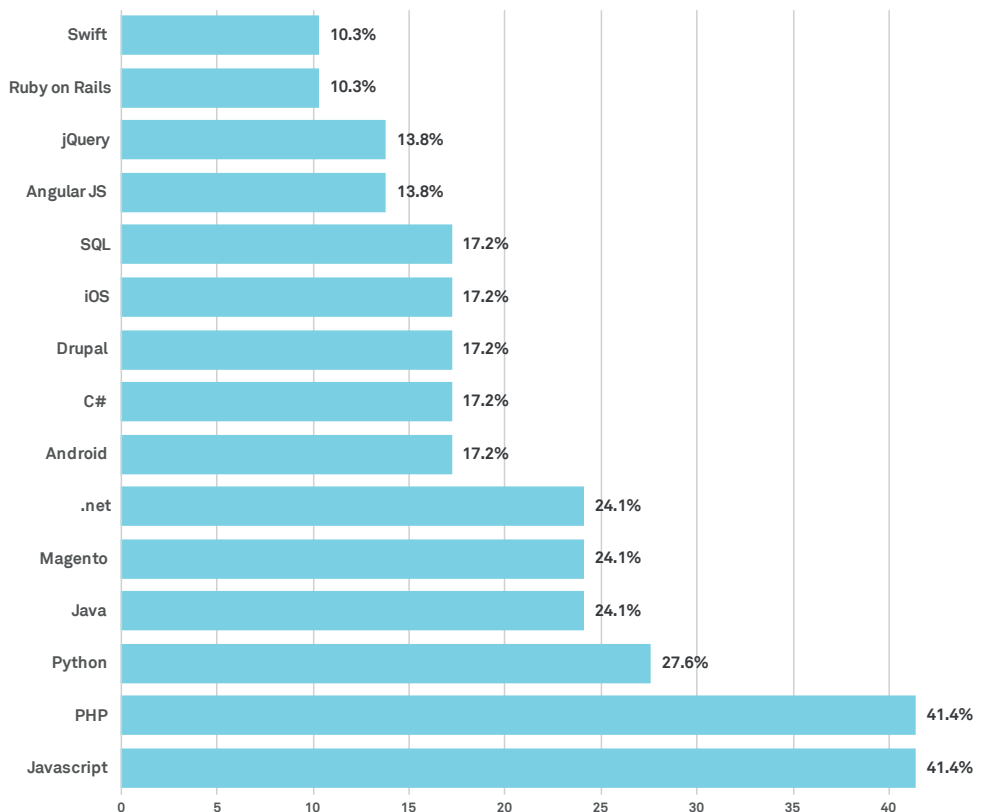
## *The tech we're using*

Respondents were asked to choose multiple languages where they struggled to find developers to fill the roles.

Once again, Javascript and PHP top the charts.

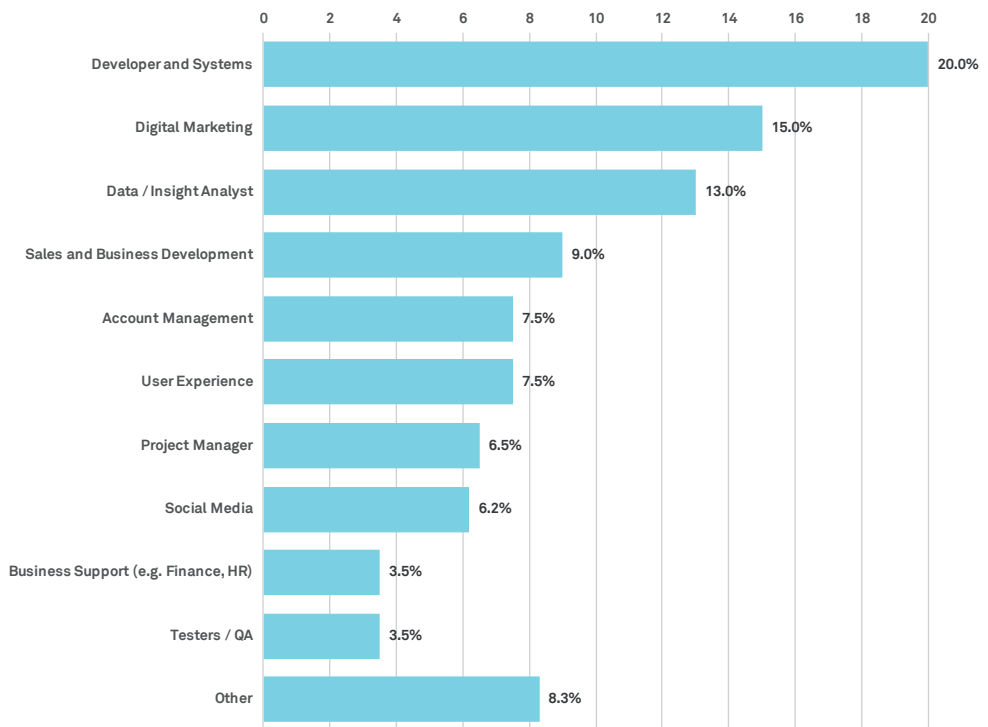
Python saw worldwide growth last year so it's no surprise to see it moving up the ranks for North West businesses.

2017 sees Swift's first appearance on the list. Other mentions include Perl and React JS.



## ■ Which skill sets will grow in importance?

As has been the case for a number of years, developer took the top spot once again and has increased by 6% from 2016. Digital Marketing crept further up the table, gaining two places on last year. As with previous data from 2017, we've seen more interest in data and analyst roles.

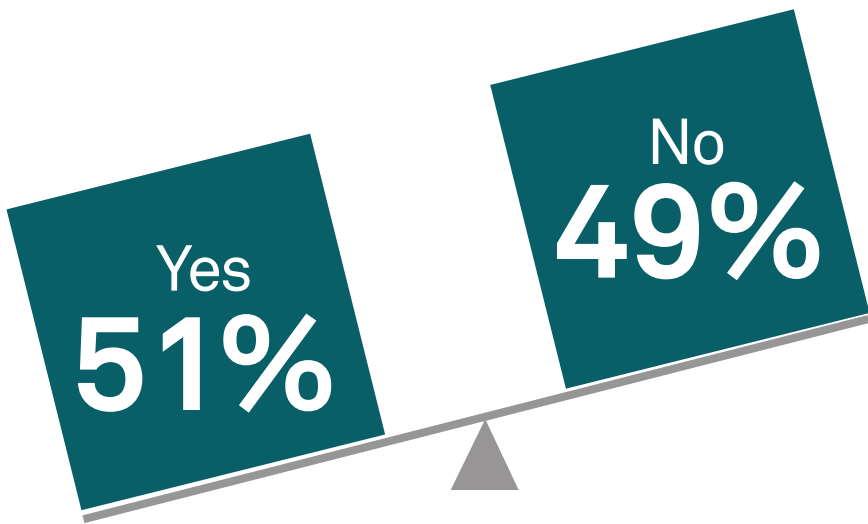


(“Retaining”) +  
(“Employees”)>

## ■ *Have you had to inflate salaries?*

In 2016 44% of companies had inflated salaries, compared to 2015 (51.1%) but unfortunately, the figure is on the rise again.

This is largely due to the skills shortage in the region and larger companies increasing salaries to attract mid-senior level talent, a problem that we see in particular with organisations who are located outside of the city centre.





## ■ *The roles with the biggest pay rises*

Another good year to work in digital and technology industries.

Our salary benchmarking exercise, which will be released later this year will provide much more detail on this but on average, wages rose by 10% across the industry.

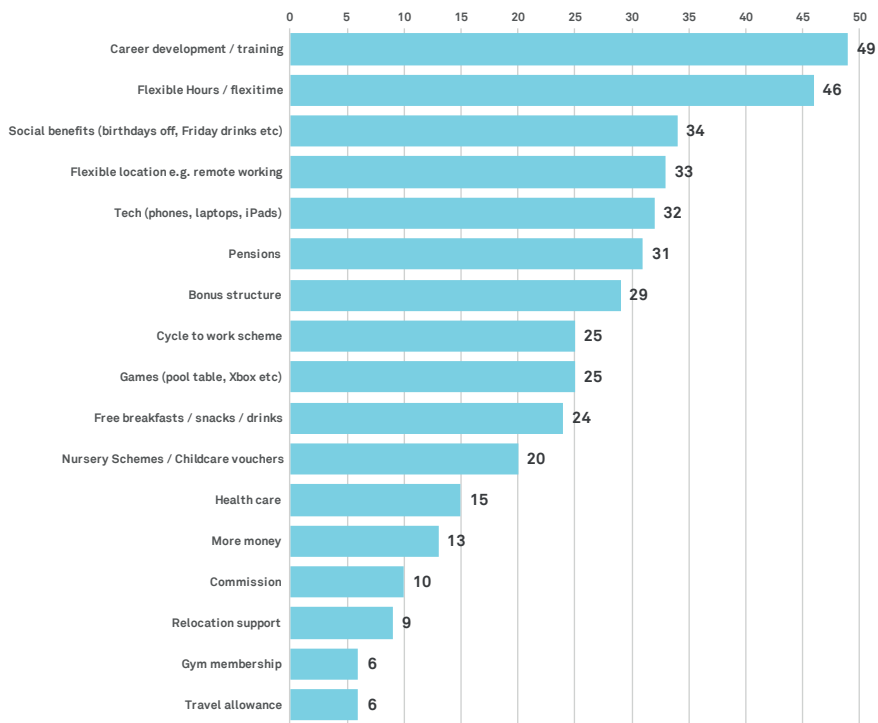


## ■ Average developer salary



## *What additional benefits are offered to attract and retain your staff*

The below statistics don't illustrate much change from 2016's audit results, with career development and flexible hours still featuring at the top. However, social benefits are now seen as more important than offering a flexible working location and tech has crept up from 10th place last year.



One company cited that they offered enhanced maternity packages but it's interesting to note that offering nursery schemes / childcare features 11th on the list, far below social benefits and offering games and free food to employees.

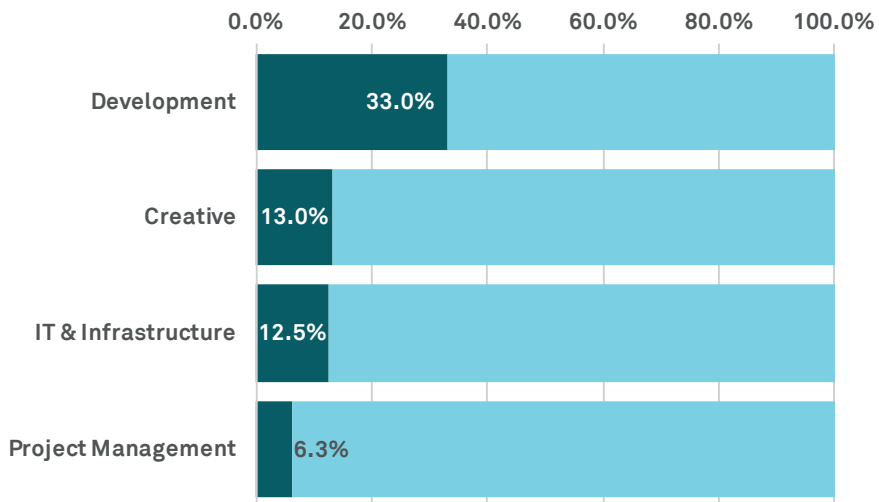
Considering the cost of childcare, particularly in inner city areas and the importance of having a more diverse workforce, it is surprising to not see this feature in a more prominent position. Look out for Manchester Digital's workplace equality toolkit in 2017 where we will offer advice and guidance about this and more in greater detail.

(“Outsourcing”) &  
(“Contracting”)>

## *Contract workers*

Businesses in the region are continuing to use contract workers for job roles such as developer, project manager, infrastructure specialist, data analyst, UX and creative. The top four job roles that are outsourced are illustrated below.

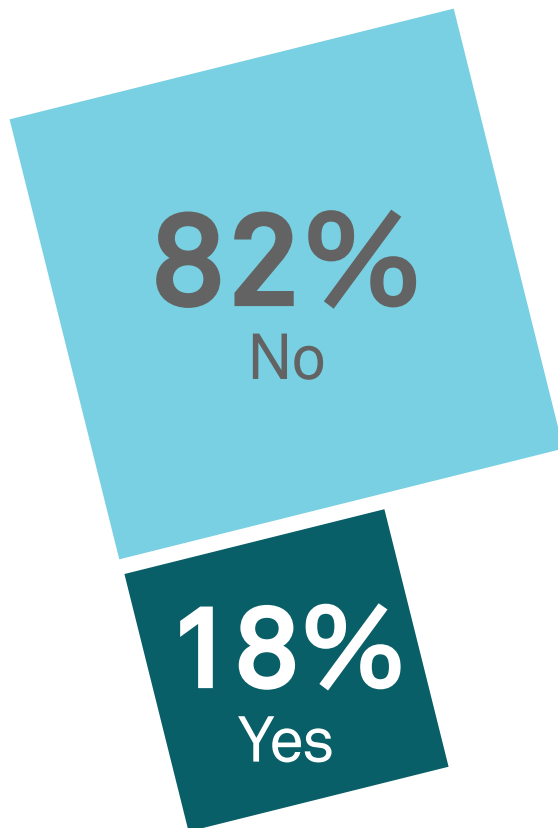
The number of outsourced developers has dropped by 5% since 2016. Creative has dropped by a percent but project management has increased around 2%.



## ■ *Have you off shored or shipped in talent from outside of the EU?*

We asked this question for the first time in 2016 and 26% of respondents reported that they outsourced from outside of the EU. We anticipated that this would be a growing trend for the next 4-5 years, however, this year, that figure has dropped to just 18%.

Of the 18% who said yes, the vast majority reported that they had outsourced developer roles. Some also reported outsourcing client services roles, which related to more global business development and localisation.



■ *Have you turned away work as a result of being unable to find the right talent?*



20% of business reported that they had turned down work as a result of being unable to find the right talent. This is down by 20% year on year and has halved since the 2015 audit results.

{“Graduates”} +  
{“Apprentices”}>





**86%**  
Recruit  
graduates



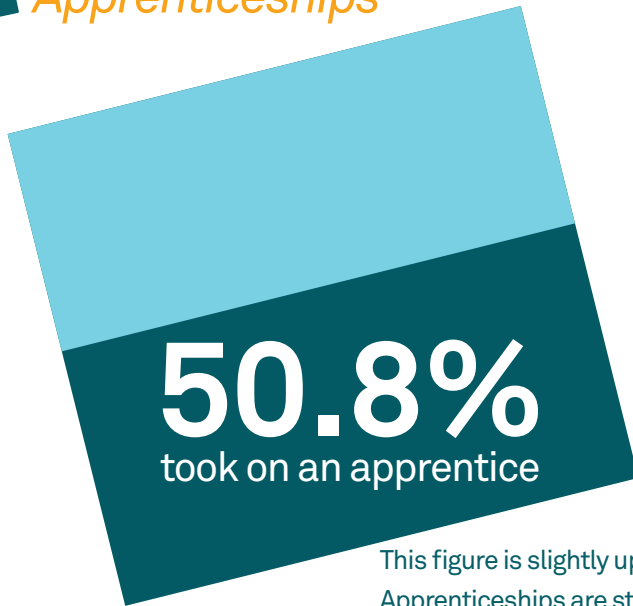
**24%**  
Run their  
own scheme

## ■ *Entry level talent recruited from local educational institutions*

Over 55% of respondents recruit a quarter of their graduate talent from local universities. This is up by 11% from last year's figures.



## ■ Apprenticeships

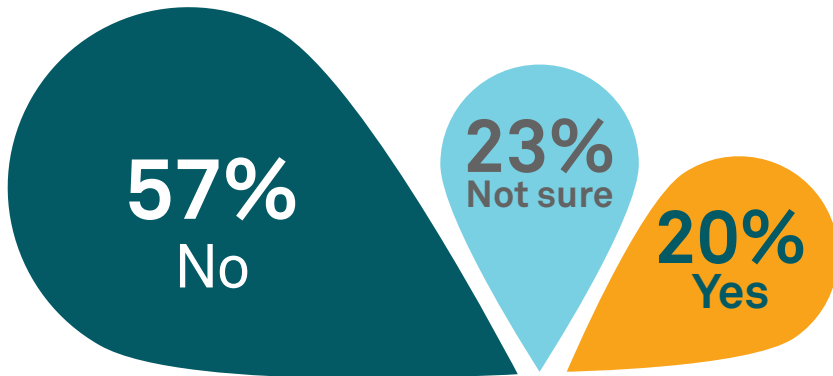


This figure is slightly up from 2016 - by around 3%.  
Apprenticeships are still increasing in popularity.



Those who said the apprentice did not meet their expectations cited that the reasons were that the quality of training provision wasn't good enough or that the apprentice wasn't work ready.

■ *Apprenticeship levy -  
Will this affect your business?*



*Do you think the Levy will be good for  
your business?*



Of the 20% that said no, the majority believed that the levy would mean that companies take on less graduates.

## *Here's what we think*

Whilst the fluctuations in this year's skills audit are fairly minor, it is concerning to see that competition for talent is still having a significant impact on salaries and looks set to continue throughout 2017. Given how many vacancies there are in the industry the slowdown in ability to actually fill them is also worrying.

Most of the schemes in place to help alleviate the skills shortage are medium to long term and most will require some support to scale so they can have the requisite impact on the sector. There is still a need to get the fundamentals right and to use opportunities such as devolution to create the step change needed in education across all levels to ensure that the talent pipeline is fit for purpose.

Manchester Digital will continue its work to develop the pipeline, on a tactical level through initiatives such as our Software Developer Apprenticeship and our #RelocateMCR campaign but also at a strategic level, representing our members and lobbying to make sure that local and national government understand what our industry needs if it is to remain as a key driver for both the regional and national economy.

Diversity, both gender and ethnicity is a huge problem in our industry. We will continue to work with and promote community groups who champion minorities and promote diversity at all levels across our industry. We are also developing a Workplace Equality Toolkit that will help to equip our businesses, of all sizes, with the tools they need for a more diverse workforce. Widening participation is key to the future success of our companies.

We're delighted that employers are taking a more active role than ever before in developing their own talent pipelines. The number and range of companies now running their own graduate schemes is up as are the number of apprentices. We will continue to work with businesses to increase the numbers of work placements available to students and to support companies to get even more involved in the education of the next generation of talent.

Whilst there is no one solution to this problem, Manchester is lucky to have employers and educators who are committed to working together to solve this problem and we look forwards to working with you all over the coming year.

# (“Manchester”)+ (“Digital”)>

Manchester Digital is the independent trade association for digital and technology businesses in the North West.

We bring together organisations and individuals from all parts of the industry - from creative to technical, from software to media, from telecommunications to marketing - with a vision to eliminate the digital skills gap and ensure all of our businesses have access to the infrastructure, support and market opportunities that they need to succeed in a constantly evolving landscape.

If you would like to talk to us to discuss membership, our skills work, our software developer apprenticeship or any of our other initiatives or events, please contact us.

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